

**Human Resources**

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Memo

To: All City of Dublin Employees
From: Homer Rogers, Human Resources Director
Date: September 28, 2015
Re: Benefit Plan Changes for 2016

Background

Earlier this year, the Equal Employment Opportunity Commission (EEOC), a federal agency that administers and enforces civil rights laws against workplace discrimination, issued a notice of proposed rulemaking on how Title I of the Americans with Disabilities Act (ADA) applies to employer wellness programs. This new proposed rule will impact the amount of money the City is allowed to deposit into your Health Savings Accounts or Health Reimbursement Accounts.

The proposed rule will drastically reduce the financial incentives the City is permitted to provide employees. The City will be required to comply with this federally mandated change and all employees who receive financial incentives will be affected. The final rule has not been issued, but is anticipated to be finalized prior to the end of 2015 or in early 2016. Until the EEOC proposed rule is finalized, the City plans to continue our HBC Plan and financial incentives. Again, once finalized, and we fully expect they will be, the City will have no choice but to comply with these changes.

Additionally, the Affordable Care Act (ACA) requires that beginning in 2016, non-grandfathered self-funded and large group health plans must apply an embedded self-only out-of-pocket (OOP) maximum to each individual enrolled in family coverage if the plan's family OOP maximum exceeds the ACA's OOP limit for self-only coverage (\$6,850 for 2016). The City's current OOP maximum to each individual enrolled in family coverage is \$8,000.

Other recent changes to Ohio Law include a decrease in the age requirement for providing coverage to children of covered employees. The requirement to extend coverage was decreased in Ohio from age 28 to 26 in order to fall in line with the ACA. The City will comply with this standard immediately, subject to the provisions of current collective bargaining agreements. However, those employees who currently cover dependents over the age of 26 will be extended a grace period through June 30, 2016 to find alternative coverage. The current premiums for adult dependents will still apply.

Summary

EEOC Implications

Over the next several months, the final rule from the EEOC will dictate what financial changes the City must make. As it is currently understood, EEOC is proposing rule that will limit the amount of financial contributions an employer can give to an employee based on their "voluntary" wellness participation. The take away is that the proposed rule would limit contributions to no more than 30% of the cost of employee-only coverage to employees (the COBRA rate) who participate in a wellness program and/or for achieving health outcomes.

Why this is important to you

Based on our current incentive design, the amount of incentive the City gives to an employee with family coverage who participates in the wellness plan and achieves all available incentives would decrease from \$3,750 to approximately \$1,346. For single coverage the incentive would decrease from \$1,875 to approximately \$673.

You can read more about this proposed rule, which includes questions and answers at http://www.eeoc.gov/laws/regulations/qanda_nprm_wellness.cfm.

ACA Implications

Based on the new regulation, the City has decided to lower the family OOP maximum from \$8,000 to \$6,850 per the new directive, effective January 1, 2016. The City believes that lowering the OOP max is more beneficial to our employees, despite the increased cost to the medical plan. Though not required by the ACA changes, the City has chosen to lower the single OOP max proportionately from \$4,000 to \$3,425. See the chart below.

Deductible	Out-of-Pocket Maximum
In-Network Single: \$2500 Family: \$5000 Out-of-Network Single: \$5000 Family: \$10,000	In-Network Changes for 2016: Single: \$3,425 Family: \$6,850 2015 Plan Design: Single: \$4,000 Family: \$8,000 Out-of-Network Single: \$8000 Family: \$16,000

Conclusion

It is the City of Dublin's goal to provide a medical benefits plan that promotes wellness and prevention and encourages employees to be partners in their healthcare coverage. The HBC Wellness Plan will remain unchanged and employees will still receive all the HBC wellness benefits that currently exist such as screenings, wellness classes, 100% paid preventive care and HBC points/redemption items.

If the EEOC regulations are finalized before the end of 2015, the City will provide additional communication as to how this affects those on the plan and how the deposit schedule will impact HSA/HRA deposits.

If the EEOC regulations are finalized after 1/1/16, all employees will receive their standard financial contributions in the beginning of January based on HBC participation and screening results. Additional communication that addresses the remaining 2016 deposit schedule will then follow.

It is imperative that employees attend an Open Enrollment session to hear about the expectations during Open Enrollment and for further explanation of the EEOC and ACA changes for 2016. Employees and spouses/domestic partners are welcome to attend any meeting. Here's the meeting scheduled:

Wednesday, September 30, 2015

City Hall 9-10am Council Chambers
Development Building (5800) 11- Noon 2nd Floor Conference Room
Service Center 2-3pm Lunch Room

Thursday, October 1

Fleet Building 9-10 am Upstairs Conference Room
Dublin Community Recreation Center 1:30 -2:30pm Talla 1
Service Center 4-5pm Training Rooms
Justice Center 7-8 pm Training Rooms

Friday, October 2

Development Building (5800) 10-11 am Daniel Burnham 1st Floor Conference Room

Monday, October 5

Justice Center 2-3 pm Training Room

Tuesday, October 6

City Hall 11 – Noon Council Chambers
Service Center 2-3 pm Training Rooms

Wednesday, October 7

Justice Center 10-11 am Training Rooms

Thursday, October 9

Justice Center 10-11am Training Rooms

Friday, October 13

Justice Center 10-11am Training Rooms